



JON M. HUNTSMAN, JR.
Governor

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Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil Gas and Mining

JOHN R. BAZA
Division Director

May 18, 2007

CERTIFIED RETURN RECEIPT
7004 2510 0004 1824 4516

Mr. Robert Jones
Bluffdale Sand and Gravel, Inc.
5635 Waterbury Way, Suite C-100
Salt Lake City, Utah 84121

Subject: Notice of Noncompliance and Requirement to Replace Surety; Bluffdale Sand and Gravel, Inc.; Bluffdale Sand and Gravel Operations, S0350027 and Unpermitted Site, Salt Lake County, Utah

Dear Mr. Jones:

The original Cessation Order on the unpermitted Bluffdale Sand and Gravel operations issued on March 17, 2005, required you to file a complete Notice of Intent to Commence Large Mining Operations (LMO) or alternatively file a plan for performing reclamation. This was reaffirmed in the Findings and Conclusions from the March 21, 2005, Stop Work Conference, which required that you apply for an LMO concurrently with operation of the small mine.

On June 16, 2005, the Division conditionally approved your Notice of Intention to Commence Small Mining Operations for your second small mine in Bluffdale (which we have designated Bluffdale Sand and Gravel #2, S0350027). The condition was that you would submit a Notice of Intention to Commence Large Mining Operations by July 1, 2005. This was based on a statement in a letter from you dated May 24, 2005, which said you anticipated submitting the LMO within 30 days. Even though it was the subject of the Cessation Order, the Stop Work Conference and a condition to your Small Mine Permit, we have yet to receive the Large Mine Notice of Intent or any plans to conduct reclamation of the 63 acres disturbed by your operations. We consider this a noncompliance situation and further enforcement action is being considered.

Robert Jones
Page 2 of 3
S/035/027
May 18, 2007

We understand you may have sold your interest in the property where the mines are located. Mining may have ceased, but the 63 acres of your disturbance has not been permitted or reclaimed. The condition of permit S/035/027 is still in effect and your obligation to complete reclamation of the 63 acre site is still in place until a transfer is approved or the site is reclaimed and released.

On April 27, 2007 the Division received a Notice of Bond Cancellation indicating the surety bond # _____ held on permit S/035/027 in the amount of \$17,000.00 is being cancelled and/or terminated in accordance with the provisions of the bond, which indicate that the surety may be cancelled as long as a ninety (90) day notice is given to the Division. Paragraph 2 of the Reclamation Contract, states the Operator shall provide a replacement surety within sixty (60) days following the Division's receipt of the cancellation/termination notice.

You are hereby advised that the Division must receive a replacement form of surety within 60 days of the April 27th date or on June 27, 2007 .

The Division cannot allow a mining disturbance to continue without having a permit in place or a reclamation bond for the disturbance. Alternatively, reclamation could be completed at the site but we have no plans from you to accomplish this either. We have no desire to take further enforcement action but may be forced to do so if we have not received by June 27, 2007, 1) A Notice of Intention to Commence Large Mining Operations and reclamation bond covering the entire 63 acre disturbed area; or 2) A plan and timetable for reclamation of the 63 acre disturbance together with a reclamation surety. In addition, you must submit a replacement surety for bond # _____ held on permit S0350027 in the amount of \$17,000.00.

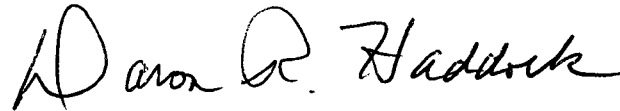
Actions that the Division may take to ensure that this situation gets resolved include any of the following:

- **Submit the surety for payment prior to termination date;**
- **Submit an agency action requiring Bluffdale Sand and Gravel to appear before the Board of Oil, Gas and Mining to explain why reclamation has not occurred;**
- **Issue a Failure to Abate Cessation Order which carries a \$750/day penalty;**
- **Order immediate reclamation of all lands affected**

Robert Jones
Page 3 of 3
S/035/027
May 18, 2007

If you have questions, please telephone me at 801-538-5325 or Paul Baker at 801-538-5261.

Sincerely,

A handwritten signature in black ink that reads "Daron R. Haddock". The signature is written in a cursive style with a large, looped initial "D".

Daron R. Haddock
Permit Supervisor
Minerals Regulatory Program

DRH:PBB:pb
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